

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
April 14, 2020
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Isaac Clark III

Applicant: City of Los Angeles

Allocation Amount Requested:
Tax-exempt: \$44,000,000

Project Information:
Name: Hollywood Arts Collective
Project Address: 1637 Wilcox Ave.
Project City, County, Zip Code: Los Angeles, Los Angeles, 90028

Project Sponsor Information:
Name: Hollywood Arts Collective LP (Hollywood Arts Collective Housing
Principals: Thomas L. Safran, Chairman Jordan Pynes, President, Anthony Yannatta, Vice President, and Renee Groves, Chief Financial Officer of Hollywood Arts Collective Housing LLC. Joseph Benincasa, President and CEO, Barbara Davis, Secretary, and Connie Yoo, Treasurer of The Actors Fund.
Property Management Company: Thomas Safran & Associates, Inc.

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Bank of America
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: January 7, 2020
TEFRA Adoption Date: January 21, 2020

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 152
Manager's Units: 1 Unrestricted
Type: New Construction
Population Served: Family

The Hollywood Arts Collective Apartments is a new construction project located in Hollywood on a 1.05-acre site. The target population for this project is low-income households, with a preference for artists given the surrounding neighborhood's heavy presence of art institutions. The Hollywood Arts Collective intentionally focuses on serving the city's arts community because it has a number of key benefits for the Hollywood area and city overall. The project consists of 151 restricted rental units and 1 market rate unrestricted manager unit. The project will have 70 one-bedroom units, 40 two-bedroom units and 22 three-bedroom units. The building will be a contemporary 7-story residential structure. Common amenities include an indoor community space with a TV and seating area, a computer room, a lobby, and laundry facilities. Each unit will have a refrigerator, an oven and stove, carpet, window coverings, air conditioning and heating, cable and internet hook-ups. There are 249 parking spaces provided. The construction is expected to begin September 2020 and be completed in October 2022.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
40% (61 units) restricted to 50% or less of area median income households.
60% (90 units) restricted to 60% or less of area median income households.
Unit Mix: Studio, 1, 2 & 3 bedrooms

The proposed project will be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 81,802,701	
Estimated Hard Costs per Unit:	\$ 350,930	(\$53,341,420 /152 units including mgr. units)
Estimated per Unit Cost:	\$ 538,176	(\$81,802,701 /152 units including mgr. units)
Allocation per Unit:	\$ 289,474	(\$44,000,000 /152 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 291,391	(\$44,000,000 /151 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Wells Fargo- Construction Loan	\$ 44,000,000	\$ 19,500,000
Cash Flow Permanent Bonds	\$ 0	\$ 0
HCID - HOME	\$ 5,850,460	\$ 5,850,460
Deferred Interest on Soft Loans	\$ 351,028	\$ 9,500,000
LIH Tax Credit Equity	\$ 0	\$ 45,949,564
Deferred Developer Fee	\$ 2,010,000	\$ 1
Equity Bridge Loan	\$ 27,500,000	\$ 351,028
LP Equity	\$ 1,548,155	\$ 651,648
Deferred Reserves	\$ 543,058	\$ 0
Itemized Public Funds Sources	\$ 0	\$ 0
Total Sources	\$ 81,802,701	\$ 81,802,701

Uses of Funds:	
Land Cost/Acquisition	\$ 300,001
Rehabilitation	\$ 0
Relocation	\$ 0
New Construction	\$ 60,030,817
Contractor Overhead & Profit	\$ 0
Architectural Fees	\$ 1,550,000
Survey and Engineering	\$ 1,168,800
Construction Interest and Fees	\$ 5,830,388
Permanent Financing	\$ 312,500
Legal Fees	\$ 115,000
Reserves	\$ 543,058
Appraisal	\$ 6,000
Hard Cost Contingency	\$ 4,837,658
Local Development Impact Fees	\$ 770,650
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 3,327,829
Developer Costs	\$ 3,010,000
Total Uses	\$ 81,802,701

Analyst Comments:

This project is considered a high-cost per unit project. In addition to providing the required parking, the project is required to provide an additional 149 replacement spaces for the Department of Transportation. The project will have 265 parking spaces in a two and a half story parking garage with a one and a half story, subterranean area. The amount of shoring and structural concrete need for this garage added to project costs.

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

125 out of 145 [See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$44,000,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10.00
Large Family Units	5	5	0.00
Gross Rents	5	5	5.00
Leveraging	10	10	10.00
Community Revitalization Area	5	5	5.00
Site Amenities	10	10	10.00
Service Amenities	10	10	10.00
New Construction or Substantial Renovation	10	10	10.00
Sustainable Building Methods	10	10	10.00
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10.00
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10.00
Negative Points (No Maximum)	-10	-10	0.00
Total Points	145	125	125.00